

**SCR**

**28**



## SENATOR ALAN AUSTERMAN

Alaska State Legislature

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### SPONSOR STATEMENT – SCR 28

#### “A resolution establishing the Joint Legislative Salmon Industry Task Force”

Alaska’s salmon industry has recently met with hard times due to a number of factors, from sharp increases in farmed salmon production to the strong U.S. dollar. The downturn in salmon prices is having direct negative impacts on our working families and our communities and is causing hardship throughout our state economy. State government revenues derived from taxation on the industry are also declining as a result, meaning fewer resources are available to fund state government. As leaders of this state, it is incumbent on both houses of the legislature to address this situation with the utmost urgency.

To that end, SCR 28 creates a Joint Legislative Salmon Industry Task Force to address those elements of the crisis that can be solved through governmental policy. After examining the numerous factors affecting various sectors of the industry, the task force will recommend specific means by which state government can assist the industry in the most efficient and effective ways possible. Furthermore, it will address those elements of the crisis that can best be solved through action in the private sector.

The Task Force will be composed of:

- Two members of the Senate
- Two members of the House of Representatives
- Nine members of the public who are involved in the commercial salmon industry
- A chairman and vice-chairman shall be appointed jointly by the Senate President and Speaker of the House.

The Task Force will submit a report of its findings to the legislature, including a long-term vision for the Alaska salmon industry, by January 31, 2003, and will be terminated on March 1, 2003.

Previous salmon summits organized in recent years have produced valuable suggestions, yet Alaska still lacks effective leadership for its salmon industry. This resolution is a major step the Legislature can take towards providing that leadership.

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSSCR 28(RES)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: \_\_\_\_\_  
Title "Establishing the Joint Legislative BRU Legislative Council  
Salmon Industry Task Force." Component Council and Subcommittees  
Sponsor Senator Austerman  
Requester Senate Finance Component No. 783

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	88.5					
Travel	110.0					
Contractual	276.0					
Supplies	0.5					
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>475.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	475.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>475.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 25.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time	2					
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
CSSCR 28(RES) establishes the Joint Legislative Salmon Industry Task Force to address those elements of the Alaska salmon industry crisis that can be solved through governmental policy, or by action on the part of the industry, and to develop a long-term vision for the Alaska salmon industry as a critical element of the State's economic future. The task force is composed of two members of the Senate, two members of the House, and nine public members who are involved in the commercial salmon industry appointed jointly by the Presiding Officers of the Legislature. The task force shall hire staff, contract for research, legal and economic services and prepare and present a report to the Legislature by January 31, 2003.

Prepared by: Karla Schofield, Deputy Director Phone \_\_\_\_\_  
Division: Administrative Services Date/Time 3/3/02 5:13 PM  
Approved by: Pamela Varni, Executive Director Date 3/3/02  
Agency: Legislative Affairs Agency

FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. CSSCR 28(RES)

ANALYSIS CONTINUATION

In FY02, \$25.0 will be needed to cover travel costs for Task Force Members to attend one organizational meeting in Juneau and one working meeting in Anchorage.

Personal Services

Beginning in FY03, the Task Force will be staffed by a 10 month Range 21, Legislative Assistant at a cost of \$63.3, and a 5 month Range 15 Secretary at a cost of \$ 25.2, for a total of \$88.5.

Travel

The task force will hold 7 meetings in FY03. Six meetings will be in Anchorage and one meeting will be in Juneau. For the purposes of calculating necessary travel and per diem expenses, 1 Legislative member is assumed to be from Anchorage, and all other members of the Task Force are from other locations. Airfare travel costs for each meeting are estimated at \$6.0. \$6.0 times 8 meetings = \$48.0. Three days of per diem are budgeted for each meeting. 12 task force members times 3 days times \$226 Anchorage per diem rate = \$8,136 times 7 Anchorage meetings = \$57.0. 9 public task force members times 3 days times \$174 Juneau per diem rate = \$5.0. Total per diem \$62.0 plus total travel \$48.0 = a total cost of \$110.0.

Contractual

The Task force will contract for legal services, economic services, research services and other consulting services the Task Force considers necessary - \$269.0  
Postage for correspondence and mailing final report - \$1.0  
Phone budget for Task Force members - \$2.5  
Advertising for meeting notices - \$3.5  
Teleconferencing services and printing services will be absorbed within existing budgets.

Supplies

Supplies for the Task Force - \$.5

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# UNITED FISHERMEN OF ALASKA

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March 31, 2002

Senator Ted Stevens  
U.S. Senate  
722 Hart Building  
Washington, DC 20510-0201

Dear Senator *Ted* Stevens,

We would like to thank you for calling a summit to discuss the problems facing the Alaska salmon industry. Your leadership is crucial to helping the industry, state, and communities pull together to develop a strategy that will revitalize the salmon industry and Alaska communities.

While there are many challenges facing the industry, we are hopeful that this summit will help us focus on identifying and solving those problems that Alaska has some ability to influence in a realistic manner.

Our overarching goals in this process are to maintain sustainability of the resource; provide economic viability for harvesters, processors, and tendermen; and long-term stability for coastal and river communities.

UFA has invested considerable time discussing what needs to be done to revitalize the industry. In our view there are many things that must be done and there is no magic solution. The top two issues are fleet consolidation and marketing (including quality). Other issues that need to be addressed include transportation infrastructure, income tax structure (e.g. income averaging for fishermen), and reducing costs (such as electricity, fuel, and insurance). Our discussions show that solutions will have to be made on a region by region and fishery by fishery basis; and must involve all sectors of the industry and communities. There are some solutions we can act on in the near term with existing resources; however, other solutions will take longer and require resources that are not currently available.

We are confident that the summit will generate many possible solutions to the challenges facing the industry. We believe it is important that a viable mechanism be established to follow up on these ideas. We believe that the Joint Legislative Salmon Industry Task Force, being proposed by Senator Alan Austerman, would be an excellent vehicle to flesh out the proposals developed by the summit.

**MEMBER ORGANIZATIONS**

- Alaska Longline Fishermen's Association • Alaska Trappers Association • Alsea Processors Association • Bristol Bay Harvesters
- Chignik Regional Aquaculture Association • Combined Area "M" Fishermen • Cook Inlet Aquaculture Association
- Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
- Kona Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
- Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association • Petersburg Vessel Owners Association
- Prince William Sound Aquaculture Corporation • Puvion Range Vessel Owners Association • Sealook Producers Cooperative
- Southeast Alaska Regional Div. Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
- United Cook Inlet Dist. Association • United Salmon Association • United Southeast Alaska Gillnetters

UFA  
 (907) 586-2820  
 March 29, 2002

**Harvester Perspectives on Revitalizing the Alaska Salmon Industry**  
**Prepared for Alaska Salmon Summit, 4 April 2002**

**ISSUE.** The value of Alaska's commercial salmon harvest has declined significantly and is having severe socio-economic impacts in coastal Alaska.

**PROBLEM.** The declining value of Alaska salmon can be attributed to several factors including: (1) a flood of imported farmed salmon (in a product form that appeals to consumers: skinless boneless fillets); (2) the twelve year Japanese recession; (3) the decline in the value of the Yen; (4) rapid changes in customer preferences resulting in declining consumption of canned salmon product (affects pink and sockeye); (5) economic inefficiencies in the salmon fleet; (6) lack of funds to aggressively market Alaska salmon, (7) and inadequate infrastructure that drives up the cost of business and hinders new product development.

**DISCUSSION.** The seafood industry, especially salmon, has been the economic engine of much of coastal Alaska. In the past, the salmon industry has provided living wage jobs for Alaskans and fueled the economy; however, the decline in the number of permits being fished and the revenues received shows that this is no longer the case. Alaska salmon compete not only in the domestic protein market but also on the global market.

In many areas there are now more salmon permits than are needed to harvest the fish at a level that provides a decent living. Evidence for this is the large number of permits that are not fished and the continuing decline in ex-vessel price.

Farmed salmon from Norway, Chile, and Canada have affected Alaska salmon markets not only in the US but also in Japan and Europe. Funds are needed to aggressively market Alaska salmon and distinguish it from farmed product based on its inherent wild, natural, and sustainable attributes. The existing ASMI budget (\$5M in industry funds for all species) is a pittance compared to the \$40M+ used to market Norwegian farmed salmon in Europe alone.

Production and transportation costs are impediments to delivering raw and processed salmon at a competitive cost. Electric rates need to be decreased. Roads must be built. In other areas, airfields must be improved to allow larger, more cost effective, aircraft to operate. And marine transportation costs should be examined.

Harvesters believe that solutions involving economic efficiency (e.g. fleet reduction) need to be regional, voluntary and involve not only harvesters but processors, tendermen, and communities. The following considerations need to be addressed:

Effects on Other Regions

Effects on Individual Capitalization

Effects on Communities

Effects on quality

Effects on other Markets

Area-by-Area Consideration

Effects on Processors

Limited Entry Program